

Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

U. S. DEPARTMENT OF AGRICULTURE

FARMERS' BULLETIN No. 1553

PLANNING AND RECORDING FAMILY EXPENDITURES



IF A FAMILY is to get the most for its income it must make a plan for expenditures. It must then keep a record of what it spends and of what it spends it on, and study this record. In this bulletin, forms for use in making a plan for expenditures are shown, and also forms for recording actual expenditures according to three general methods. The single-page-to-a-class-of-expenditure type, ruled in a loose-leaf book, is suggested as the one which will best fit the needs of most families.

Washington, D. C.

Issued December, 1927

PLANNING AND RECORDING FAMILY EXPENDITURES

By CHASE G. WOODHOUSE, *Home Economist, Bureau of Home Economics*

CONTENTS

	Page		Page
Classification of family income and expenditures-----	1	Methods and forms for recording family income and expenditures—Continued.	
Income-----	2	Envelope method for social-service agencies and for children-----	13
Expenditures-----	2	Form for the summary-----	14
Forms for making a plan for family expenditures and their use-----	3	Forms for special records-----	14
Methods and forms for recording family income and expenditures-----	5	How to keep a record of family expenditures-----	16
Single-page-for-income-and-for-each-class-of-expenditure type-----	8	Tests of a satisfactory method for recording family expenditures-----	19
Box type of record-----	12	What does a family gain by keeping a record of family expenditures?-----	21
Double-page-of-columns type of record-----	12		

RECORDS OF PAST and plans for future expenditures are now regarded as indispensable features of modern business. The United States Government and large corporations all have their records and their budgets or plans for expenditures. By planning ahead they are enabled to avoid, or at least to lessen, the bad effect of business catastrophes, provide for periods of depression, and be ready to take advantage of any chances for favorable buying or investment.

In the same way, a family which plans its expenditures and keeps a record in order to know how well the plan is being carried out and where it might be improved, has some control over its future. Everybody plans ahead, consciously or unconsciously. Why not plan ahead upon a carefully thought-out basis, and then follow the plan?

When the United States Government is planning its budget, every department is represented and has a chance to express its needs. The same system is the one to follow in the family. The ideal arrangement is for the family as a whole to plan its expenditures, each member taking part in the discussion so far as his age and ability will permit. If the family comes together to discuss its expenditures the members have to face the questions, "What do we need? What do we most want? What are our ambitions for the family?" A record of expenditures will show what they actually get. By planning and recording it may be possible to reconcile more nearly needs and wants.

Of course, if not all members of the family are interested, the home maker may have to begin by planning the expenditure of only that part of the income which she controls. However, in most cases the others will wish, very shortly, to join in with her.

CLASSIFICATION OF FAMILY INCOME AND EXPENDITURES

Before one can plan expenditures or keep a record, it is necessary to decide upon a classification of items of income and of expenditure. The following classification has been tried by a number of home makers and found practical. Of course, not every family will have all these items to consider.

INCOME

Income includes all receipts from the following sources: Income from farm or other business or profession (not including what should be put back into the business); salary; earnings from extra or irregular work; interest received on savings account, bonds, notes, mortgages, or other investments; dividends on stocks or other investments; rents received, less the costs of maintaining the properties; profits from the sale of real estate or of other investments which have been made from past family income; gifts of money; profits from boarders and lodgers or from occasional meals paid for by tourists. These last items do not, of course, represent all profit. To find the profit or net income from boarders or lodgers, it is necessary to subtract the cost of keeping them from the amount which they pay.

If a money value is put upon gifts received and upon farm products used in the household and this value entered as income, it is necessary to enter the same items and their money value as expenditures under the proper heading. For example, if the value of a coat received as a gift is entered as income, the item "coat" and its value must be entered also as an expenditure on the clothing record of the person receiving it.

Besides the receipts listed above, a family may have money coming in during the year from other sources. An insurance policy for an endowment may be paid, a policy cashed in, an investment sold, or a loan previously made paid back. These receipts should not be regarded as income. They are past savings which are changing their form. If it is necessary to spend them for current expenses, it means that the property accumulated by the family is reduced by that amount. For method of recording them, see Figures 14 and 15.

Likewise, money borrowed for family expenses is not income but a debt which must later be paid out of income or savings. For method of recording, see the form in Figure 12.

EXPENDITURES

Food:

- Food purchased.
- Meals out.

Housing:

- Rent.
- Taxes on house and lot.
- Fire insurance on house.
- Repairs and improvements on house and on grounds.
- Interest on mortgage on house and lot.

Operating:

- Fuel.
- Light and power.
- Telephone.
- Water.
- Ice.
- Household supplies. These include such things as string, paper, tacks, laundry starch, bluing, soap, cleaning powders, etc.
- Paid service in house and in garden where the latter is not a part of the general farm business.
- Laundry done out.
- Fire insurance on furniture and equipment.
- Rent of safe-deposit box.
- Stationery, postage, telegrams, expressage, freight, and drayage for household.
- Fare on street car, bus, and train in connection with family and household business and to and from work, but not for vacations or pleasure trips.
- Interest on money borrowed for general family expenditures. (Interest on money borrowed for a particular purpose, as for example, education, should be entered under the special heading.)

Furnishings and equipment:

This includes all furniture, floor coverings, curtains, shades and hangings, bedding, linen, tableware, pictures and ornaments, cut flowers and potted plants for house, all equipment such as musical instruments, washing machines, sewing machines, refrigerators, stoves, brooms, sweepers, mops, and canning equipment, and all utensils and appliances for kitchen and laundry, and replacement and repairs of the same. The cost of storage of household furnishings and equipment should be included here.

Clothing:

This includes a separate record for each member of the family, covering all materials, trimmings, paid labor, ready-made garments, accessories such as hair nets and pins, dry cleaning, pressing, and repairing. Such items as small findings, thread, and cleaning materials, which can not be divided among the individual members of the family, are listed under a general clothing record.

Health:

This includes all expenses for doctor, dentist, oculist, nurse, hospital, medicine, eyeglasses, surgical appliances, special treatments, and travel necessitated by ill health.

Development:

Formal education. Expenses for school, including travel, board, lodging, tuition, special fees, books, and supplies.

Reading matter. Newspaper, magazines, books other than school texts and technical literature.

Public welfare. Contributions to church, social service, educational and civic organizations, income taxes and all taxes other than those on house and lot and on automobile.

Gifts to individuals outside the family.

Recreation. Movies, theater, concerts, lectures, dues to social clubs, sheet music, phonograph records, radio supplies, athletic supplies, toys, pets, entertaining. If much entertaining is done, this may be made a special heading. In some cases expenses of entertaining should be entered under "Vocation," as explained below.

Vacation and pleasure trips. Transportation, hotels, meals, and any other expenses incurred on the trip.

Vocation. All expenses, outside formal education, incurred in connection with one's business or profession, not charged to the business but paid for out of family income, as attendance at business or professional conferences, dues to business or professional organizations, technical literature, use of auto for promoting business or profession, entertaining directly necessitated by business reasons, and travel and moving expenses in connection with changing positions.

Personal:

Expenditures for toilet articles and supplies, barber, hairdresser, candy, tobacco, jewelry, and other personal items. These would all be covered by a personal allowance.

Automobile:

Cost of gasoline, oil, repairs, replacements, new equipment, fire, theft, and liability insurance, license, tax, and garage if one is rented.

Savings:

Emergency fund. Money kept in the bank to meet unexpected demands. Also, expenditures for insurance carried for the same purpose, such as accident, burglary, and health insurance, including extra premiums on life-insurance policies for partial and total disability.

Savings account.

Insurance, life, endowment, and annuity.

Payments on house.

Investments in real estate, mortgages, Government securities, bonds, stocks, etc.

FORMS FOR MAKING A PLAN FOR FAMILY EXPENDITURES AND THEIR USE

There is no standard plan of expenditures for a family of a given size with a given income. It is useful to know what others do and to get information on such points as the cost of an adequate diet for the family, but the detailed plan must be developed by each family to suit its own special needs.

To make a plan for the family expenditures, it is necessary to know what the family expects to receive as income for the next 12 months, and also to know the needs of the family which must be met during that period. The forms in Figures 1 and 2 may be used in making such a plan. It will be found more satisfactory to

make a plan for each of the 12 months rather than to plan only for the year as a whole. Of course, it may not be possible to follow the plan exactly, but it can be adjusted from month to month. If the family has any records of last year's income and expenditures, these figures should be listed on the form in Figure 2.

First, on a sheet ruled like the form in Figure 1, fill in for each month and for the year the estimated income from all sources. It is safer to underestimate than to overestimate the amounts. Transfer the totals to the form in Figure 2 on line marked "Total estimated income." This shows the money basis of the plan for expenditures. Next, on a form like that in Figure 2 fill in the more or less fixed expenses for each month. It is usually known fairly definitely what will have to be paid each month for rent or taxes, fire insurance, interest, payments on the house, telephone, and other similar items. Food and many operating expenses, as fuel and light, can be estimated

Estimates of Income

<i>Item</i>	<i>January</i>	<i>February</i>	<i>March</i>	<i>April</i>	<i>May</i>	<i>June</i>	<i>July</i>	<i>August</i>	<i>September</i>	<i>October</i>	<i>November</i>	<i>December</i>	<i>Total</i>
<i>Cash on hand at beginning of year</i>													
<i>Salary or business income</i>													
<i>Interest from mortgages, etc.</i>													
<i>Rents</i>													
<i>Dividends from other investments</i>													
<i>Money gifts received</i>													
<i>Other receipts</i>													
<i>Total estimated income</i>													

FIG. 1.—Estimates of income. In making a plan for expenditures, use this form to estimate income which will be received each month from all sources

with a fair degree of accuracy. Then decide what can be spent for clothing, development, and savings. Total the expenditures for each month and for the year. Compare these totals with those for estimated income, and if they do not agree revise the plan.

It is well to remind oneself that savings are a part of the plan for expenditures. If it is found on going over the final plan that the savings are not large enough to provide for the various situations which they ought to cover, and at the same time that other expenditures can not be reduced if the needs of the family are to be adequately met, look at the income side of the estimates, and go over the possibilities of adding in some way to the family income. Might it not be a good plan, for example, to save less now and to spend something in giving one member of the family a special course of training which would enable him to secure a better paying position?

To be safe every family should have an emergency fund, a sum of money in the bank or in some security like Government bonds, which can very readily be converted into cash with little or no loss. Some people like to have an amount equal to one month's income in such form. Others try to have more. Each family can best tell what it needs in its particular situation. Certain forms of insurance, such as accident and health policies, are a type of emergency fund, but, of course, they do not cover all unusual demands.

Besides saving for unexpected happenings, every family will want to save for many specific purposes. It is much easier to save for a definite purpose than just to save, but in saving the long-time point of view is essential. Skimping on the children's education and thus cutting down their future earning power is not justified saving; nor is overwork; nor going without any recreation. As is the case with every item in the plan for expenditures, savings must be considered in relation to all other needs and in relation to income.

In summary, the following suggestions for making a plan for expenditures are listed:

The plan should cover, so far as practicable, all family income and expenditures, including savings.

The plan should be discussed by the whole family, if this is possible.

The plan should be made for at least one year ahead. It is highly desirable to have it divided into estimates for each month.

The plan should treat each class of items separately, but should bring them together into larger groups for purposes of comparison and study of expenditures.

There is no standard plan or budget for a family of a given size and with a given income. Each family must develop its own plan of expenditures on the basis of its particular needs and particular situation. It is useful, however, to know what others are doing and to get information on standards, such as the cost of an adequate diet for example.

In working out the details of the plan, follow this method:

Go over any records which show family income and expenditures on any item in recent years.

Estimate the family income for the coming year. Base the estimate on the amount which can definitely be expected. Better make estimates too small than too large.

Study the needs of the family for the coming year. List these needs in terms of commodities and services under suitable group heads, as food, housing, etc., for each month. It is well to list the fixed and known expenditures first.

Total each group and add the totals for all groups together, and compare with estimated income. It is wise to do this for each month as well as for the whole year.

Study the savings item in relation to all the other items, and on this basis see where it is possible to revise the plan.

METHODS AND FORMS FOR RECORDING FAMILY INCOME AND EXPENDITURES

The method chosen naturally must vary with the needs of the family. One suitable for use by a family living on a large farm would not do for a family living upon a small weekly income in the city. A number of different forms are suggested below.

Estimates of Expenditures and Income
19__

Item	January	February	March	December	Total estimated for this year	Total estimated for last year
Food purchased						
Meals out						
Total food						
Rent or interest on mortgage						
Taxes on house and lot						
Insurance on house						
Repairs and improvements						
Total housing						
Fuel						
Light and power						
Water						
Telephone						
Ice						
Household supplies						
Grounds done out						
Land clearing						
Insurance on furniture and deposit						
Stationery, postage, express, freight						
Car, fare, bus, car and train						
Total operating						
Furnishings and equipment						
Clothing--Husband						
Life						
Child No. 1						
Child No. 2						
Child No. 3						
General						
Total clothing						
Health						
Personal education						
Reading matter						
Taxes other than on house						
Church and social and miscellaneous						
Gifts to individuals outside family						
Recreation						
Vacations and pleasure trips						
Vocation						
Total development						
Personal--Husband						
Life						
Children						
General						
Total personal						
Automobile						
Emergency fund						
Savings account						
Insurance, life and endowment						
Investment on house						
Other investments						
Total savings						
Total estimated expenditures						
Total estimated income						

FIG. 2.—Estimates of expenditures and income. Rule across two pages, so as to have a column for each month

There are three general methods for keeping a record of family expenditures: (1) The single-page-to-class-of-expenditure type, (2) the box type, and (3) the double-page-of-columns type. The single-page-to-class-of-expenditure type may be kept in a bound book, in a loose-leaf book, or on cards. In general it is the most satisfactory of the three, since it can readily be adapted to suit the needs of practically any family or individual.

However, where the family is small, perhaps only man and wife and a small child, the box type is often convenient, sometimes as illus-

Income

<i>Date</i>	<i>Item</i>	<i>Cash on hand</i>	<i>Delayed business income</i>	<i>Interest from mortgage</i>	<i>Rents</i>	<i>Other</i>	<i>Total</i>
<i>Jan.</i>	<i>Estimates for month</i>	50 75	116 00	7 50	25 00		199 25
	<i>2 Interest, month mortgage</i>			7 50			
<i>Totals</i>		50 75	122 00	7 50	25 00		205 25
<i>Feb.</i>	<i>Estimates for month</i>	87 24	120 00		25 00		232 24
<i>Totals</i>			121 00		25 00		146 00

FIG. 3.—Record of income. At the top of the columns in this form, write in the source from which the income is received, using as many columns as the various sources of income make necessary. After "Estimates for month," enter the amount which it is expected will be received from each source, and also the estimated total. These figures will all be transferred from the form in Figure 1. As income is received, write in the date and any description that may seem necessary, and enter the amount received in the column under the proper head. When the account is started, cash on hand should be included in the total for the first month. Do not include it in the total for the following months though it may be entered in a column on this page so that the amount of cash on hand may be known for each month. Total the income received during the month, transfer the total to the summary (a page ruled like the form in fig. 2), draw a line across the page, and write in the estimates and then the entries for next month immediately below it. Use as many pages or cards as are necessary for the year.

trated in Figure 7, sometimes in various combinations with other forms as described on page 12. The double-page or two-double-pages-of-columns type is the least satisfactory.

In addition to these three methods for written records, there is the envelope system which social-service agencies have found useful for families where the home maker has difficulty in writing. It is also adapted to teaching children to handle their allowances.

SINGLE-PAGE-FOR-INCOME-AND-FOR-EACH-CLASS-OF-EXPENDITURE TYPE

A record which provides separate pages for each class of expenditure may very easily be made up in a bound book, in a loose-leaf book, or on cards, as one may prefer, following the forms in Figures 3 to 6.

The size of the page may be chosen to fit the handwriting of the record keeper, as suitable books can be obtained in many sizes. Probably the page 8 by 10½ inches would be most convenient. It is always wise to use ruled pages.

If the home maker is interested in keeping the food record in more detail, in order that she may be able to study the nutritive value of

Food

Month _____

<i>Date</i>	<i>Food purchased</i>	<i>Amount</i>	<i>Date</i>	<i>Food purchased</i>	<i>Amount</i>
	<i>Estimate for year</i>			<i>Estimate for month</i>	
	<i>Spent to date</i>				
	<i>Estimate for month</i>				

FIG. 4.—Record of food expenditures. The quantity of each food item should be entered for a few months at least, so that the home maker may learn if and where she may improve her buying. When the family has meals out, one column might be so headed or a special page used. Add the expenditures for the month, transfer the total to the summary, draw a line across the page, and write in the entries for the next month immediately below it, as illustrated in Figure 3. Most families will require a page for each month. In order to know how well the plan and the actual expenditures are keeping together, the two entries "Spent to date," and "Estimate for month," may be made at the beginning of each month; or only "Estimate for month" entered and the form in Figure 2 referred to for the other figures. This applies also to the forms in Figures 5 and 6. On the farm any cost of feeding hired men which is included in this food record should be subtracted from the total for the month and only the balance charged to the household, for the cost of feeding hired men is a farm expense and should be entered in the farm accounts.

the diet as well as its cost, a form similar to the one in Figure 3 might be used, the columns headed milk, cream, cheese; meat, fish, eggs; fruit and vegetables; cereal products; fats and sweets; and miscellaneous, which would cover tea, coffee, flavorings, etc. In this case, quantities of each item would always have to be entered. Meals out would be listed on a separate page ruled like Figure 4.

Such a detailed treatment of food expenditures may be necessary where there is a special nutrition problem in the family, or it may be used for a short time in order that the home maker may see clearly how the food that she is giving her family compares with the standards for an adequate diet. But it should be regarded as a special record and not as a necessary part of the record of family expenditures, the two headings suggested in the classification and in Figure 4 being sufficient for all ordinary purposes.

The advantages of the loose-leaf book ruled according to Figures 3 to 6 with a page for each class of expenditure are many. It provides ample room for entering the names and the quantity of all items bought. At any time during the year all the details of the

Housing

<i>Date</i>	<i>Item</i>	<i>Interest on mortgage</i>		<i>Repairs and improvements</i>		<i>Taxes and fire insurance</i>		<i>Total</i>	
	<i>Estimate for month</i>								

FIG. 5.—Record of expenditures on housing. If the house is owned but is still being paid for, the headings as given would be suitable. If the house is paid for, the column headed "Interest on mortgage" would be omitted. Enter items and total as described for Figure 3. Where the house is rented, a page divided into two sets of columns as in Figure 6, each headed "Rent," would be suitable and would be sufficient for the entire year. Pages ruled like the form in Figure 5 should be used for operating, for development, and for savings. In each case make as many columns as are needed to care for the subheads as given under each of these main heads in the classification, page 2.

Record of *Clothing*

<i>Date</i>	<i>Item</i>	<i>Amount</i>		<i>Date</i>	<i>Item</i>	<i>Amount</i>	
	<i>Estimate for month</i>						

FIG. 6.—Record of clothing expenditures. The name of the individual for whom the expenditures are made should be written after "Record of." If the expenditures are not frequent, one column could be set aside for each individual instead of one page as shown here. For health, personal, household furnishings and equipment, and for automobile, pages ruled like this form would be used, omitting the heading "Record of." In all cases the expenditures would be totaled and the total transferred to the summary as described under Figure 3. Where a farm account is being kept, the total cost of the automobile should be divided between the household and the farm according to the relative amount of use of the automobile for each.

expenditures for each class of items, for food, for housing, for clothing for each individual, etc., are together in such form that one can readily go over them and review what was obtained for the money spent. If the three entries "Estimate for year," "Spent to date,"

and "Estimate for month" are made the first three entries on the page, it is possible to see without turning to other pages how well the plan and the actual expenditures for each class of expenditure are keeping together.

When the right-hand margin of the pages is cut so that an index of the headings is plainly visible, or if tabs bearing the headings are

Record of Family Income and Expenditures
 Month of 19

<i>Item</i>	<i>Amount</i>		<i>Item</i>	<i>Amount</i>	
<i>Food purchased</i>			<i>Housing</i>		
			<i>Total</i>		
			<i>Furnishings and equipment</i>		
			<i>Total</i>		
			<i>Clothing</i>		
			<i>Husband</i>		
			<i>Total</i>		
			<i>Wife</i>		
<i>Total</i>					
<i>Meals out</i>					
<i>Total</i>			<i>Total</i>		
<i>Total column 1</i>			<i>Total column 2</i>		

FIG. 7.—Box type of record of family income and expenditures

arranged on the right-hand margin of the pages so that they fall one below the other when the book is closed, there is no trouble in turning to the correct page when making entries.

Where the family feels the need for a very detailed classification of expenditures the forms in Figures 3 to 6 could be adapted to use on cards, those 5 by 8 inches being the most convenient. The headings under which the expenditures are entered are written at the top left-hand corner of the card, and the cards arranged alphabetically

under the main headings. For example, food would be a main heading. Behind the card bearing this heading there would be filed two cards, one for food purchased and the other for meals out. Again, operating would be a main heading, and behind the card so headed would be filed cards bearing the various subheads suggested in the classification under operating. If desired, each card could bear

Item	Amount	Item	Amount
<i>Operating</i>		<i>Development</i>	
<i>Fuel</i>		<i>Formal education</i>	
<i>Light</i>			
<i>Water</i>		<i>Total</i>	
<i>Ice</i>		<i>Reading matter</i>	
<i>Telephone</i>			
<i>Service</i>		<i>Total</i>	
<i>Laundry</i>		<i>Public welfare</i>	
<i>Total</i>			
<i>Household supplies</i>		<i>Total</i>	
		<i>Gifts outside family</i>	
<i>Total</i>		<i>Total</i>	
<i>Insurance on furniture, etc.</i>		<i>Recreation</i>	
<i>Total</i>		<i>Total</i>	
<i>Bus fare</i>		<i>Vacation, pleasure trips</i>	
<i>Total</i>		<i>Total</i>	
<i>Total all operating</i>		<i>Vocation</i>	
<i>Health</i>		<i>Total</i>	
<i>Total</i>		<i>Total - all development</i>	
<i>Automobile</i>		<i>Personal</i>	
<i>Total</i>		<i>Husband</i>	
<i>Savings</i>		<i>Total</i>	
<i>& emergency fund</i>		<i>Wife</i>	
<i>Savings account</i>		<i>Total</i>	
<i>Insurance, life endowment</i>			
<i>Investments</i>		<i>Total all personal</i>	
<i>Total all savings</i>		<i>Total - column 4</i>	
<i>Total column 3</i>		<i>" " 1</i>	
<i>Income</i>		<i>" " 2</i>	
		<i>" " 3</i>	
<i>Total income</i>		<i>Total expenditures</i>	

FIG. 7.—Continued

only one subhead, in which case it might carry all the entries for the year, the total for each class of items being found each month and transferred to a summary card ruled according to Figure 2.

It is convenient to use colored cards or cards with colored tabs for the main heads and regard them only as guide cards, all the entries being made on the white cards filed behind these guides. If the cards are kept in a suitable box there should be little difficulty in handling them, but unless a very detailed system is required, or unless a flexible record which can be kept according to different subheads at various times is necessary to meet the needs of the family, some form of book is undoubtedly more convenient for most persons.

BOX TYPE OF RECORD

For small families, especially if living in a city apartment, or for individuals, the expenditures for a month could be kept on two pages ruled off in boxes as in Figure 7. These boxes may be arranged in different ways so that more room may be provided for certain items than is shown here. For example, if a family were boarding, less space could be given to food, since one to four entries in the month would care for that item, and more space would then be available for whatever item seemed to require it. Some headings might not be needed at all. As in all record keeping, the main thing is to find a system which will suit the particular needs of the record keeper.

A page ruled like the form in Figure 3 would be used to record income. Each month's totals of expenditures would be transferred to a summary ruled like the form in Figure 2.

The advantage of this type of record is its compactness. All the expenditures for the month are together on two pages, and the record keeper can see at a glance all the details of the family expenditures. Its chief disadvantage is that the boxes do not provide sufficient space for writing in all the items purchased where the family consists of several persons. This difficulty can, however, be overcome somewhat by making the boxes cover four pages instead of two, or by ruling a page like the form in Figure 4 for food expenditures, for example, and making boxes for all the other items on two pages.

Even in this way, however, with the limited space it is not possible to have the estimates for expenditures entered on the same page with the actual expenditures, and anything in the way of a continuous check between the estimates for the year and the expenditures to date is not possible without reference to Figure 2 and to the summary.

DOUBLE-PAGE-OF-COLUMNS TYPE OF RECORD

A third method is the double-page or two-double-pages-of-columns type of record. Where a family has the usual number of different kinds of expenditures, the two double pages are necessary. The inset page is cut smaller than the outer, so that the date column and the general heading for the month can be used for it as well as for the larger page on which they are written. This smaller inset makes for more convenience in handling.

This type is illustrated in Figure 8. Across the top are spaces in which to write the estimated income and the amounts which it is planned to spend on the various items during the given month. The columns for the different items are grouped under main heads—for example, under income as many columns as there are sources of income; likewise, under housing as many as there are classes of items it is desired to keep separate.

This double page of columns has the advantage of having on one or two double pages all the expenditures for the month. It has disadvantages in that unless a very large and cumbersome page is used there is not enough room to write in the name and quantity of all the items bought. There is the further difficulty that the column under which the amount is written must in many cases be a long way from the item, so that it is very easy to write the amount in the wrong column and rather difficult to connect the item and the amount.

Also, and most important, while the cost of each class of items is together, the names of the articles bought are scattered down the item column. This makes it difficult to study the items of one particular class of expenditures, as clothing, for example, which have been bought during the year.

ENVELOPE METHOD FOR SOCIAL-SERVICE AGENCIES AND FOR CHILDREN

One very simple method of keeping a check on expenditures is by the use of envelopes. Here the home maker must decide what is to

*Record of
Family Income and Expenditures*

Month of _____

	<i>Estimate for month</i>								
<i>Date</i>	<i>Item</i>	<i>Income</i>		<i>Food</i>		<i>Housing</i>			
		<i>Salary</i>	<i>Other</i>	<i>Food purchased</i>	<i>Meals out</i>	<i>Interest</i>	<i>Taxes on property</i>	<i>Repairs and improvements</i>	
	<i>Totals for month</i>								

FIG. 8.—One page of the record of family income and expenditure of the double-page-of-columns type. The columns would be continued across the next page, or would cover two double pages. Under item, on the line after the appropriate date, enter the name and quantity of the article bought and enter the amount paid for it in the column under the proper heading. At the end of each month total each column and transfer these totals to the summary

be spent for each class of items, and each week put that amount into the proper envelope and make all payments for that purpose from the given envelope. When using this system a person may, when money is taken out of an envelope, put in a slip of paper with the amount taken out written on it and also, perhaps, the items which were bought. These slips could be gone over once a week or once a month, and the items entered in some more permanent form.

This is not an adequate record, and does not meet the tests listed on page 19. However, it has been used successfully with children's allowances and with families under the care of social-service agencies, especially where the mother of the family has had little education

and writes with difficulty. In such cases the family income is small, is usually received from one or two sources only, and comes in by the week. This system of envelopes is to be recommended only under such circumstances.

One social-service agency has worked out a set of envelopes for use by its foreign and illiterate families. Each envelope is decorated with a gayly colored picture indicating for what the money inside is to be spent. The rent money goes each week into an envelope decorated with a house, the food money goes into one carrying a basket of food, the insurance money into one with a picture of a toy bank, and so on for the different items necessary for the family.

Thus for certain families and individuals this system is sometimes useful. For most others it means keeping more money in the house than is actually required day by day. Necessity for making change often results in borrowing from one envelope and failing to pay back. There is no record of total expenditures up to date and no permanent record of the year's expenditures unless the system of slips is used, and this means a good deal of work in recording them properly at intervals. The envelope system also makes no provision for charge accounts nor for payment by check.

FORM FOR THE SUMMARY

Whatever forms are used for keeping a record, it is necessary to have a summary. The essential thing is to find a form for this summary which will make it easy to compare the actual expenditures with the plan for expenditures. The form in Figure 2 may be used for a summary as well as for a plan for expenditures. The only changes would be in the title and in omitting "Estimated" from the last two items, total expenditures and total income, and in substituting "Expenditures" for "Estimates" in the heading of the next to last column. Each month the total for the actual expenditures on each group of items would be written down under the proper heading, and then the summary compared with the plan for expenditures, group by group. One can then see where the plan for expenditures is being followed and where it is not, and make the necessary adjustments either in actual expenditures or in the plan. For, of course, the plan must be considered as only a plan and not as a hard-and-fast rule which must be followed, and when after studying the records of expenditures it seems best to do so, changes must be made in it.

FORMS FOR SPECIAL RECORDS

Besides the forms for recording expenditures, there are others for various purposes which certain families will find useful. The forms in Figures 9 to 15 have been provided to cover these needs. They should be kept separate from the general record of expenditures.

More of the special forms will probably be used by farm families than by others, since the farm business and the farm household are closely connected. In considering the total value of the living of the farm family, it is necessary to know not only what has been spent in cash but also what the food, fuel, ice, and housing furnished by the farm and used by the household are worth.

The form in Figure 9 is to be used in recording goods furnished by the farm. The best method is to have a card hanging in the kitchen. When fruits and vegetables are brought in to be eaten immediately or to be canned, the kind and quantity should be written on the wall card. In the same way when meat or vegetables are brought out of storage for use, the kind and quantity should be written on the card; likewise the quantity of wood when set aside for family use, and ice as used. Care should be taken not to enter the same product more than once. For example, if whole milk is listed, then do not list again the cream or the butter from that same milk. Each month the items on the wall card should be transferred to a page ruled like the form in Figure 9.

Products Furnished By Farm For Household Use

[illegible]

FIG. 9.—Record of goods furnished by the farm for family use. Across the top of the columns write in the names of the different things furnished by the farm, such as fruits, vegetables, meat, milk, and eggs, using as many columns as are needed. Then transfer from the wall card the name of the items and the quantity. Value each item at the price which would have been paid for it if bought at the place where similar supplies are purchased.

If the total value of food, fuel, and ice furnished by the farm were entered in the summary under food and operating, then the same total would have to be entered as income. The simplest method is to regard products furnished by the farm as a separate record and not try to combine it with the cash expenditures. At the end of the year it is, of course, necessary to realize that the value of these furnished goods, as well as the rental value of the house, is to be considered as much a part of the farm family income as the actual money which the farm has brought in.

To find the value of canned or preserved food, it is necessary to know both the value of the material which has gone into a particular project and the cost of the equipment used.

When the record is first started, an inventory should also be made on the form in Figure 13 of all canning equipment on hand and the amount paid for it divided over the number of years it will last. Then each year under equipment, on a page like Figure 10, the first

entry would be equipment on hand, cost for this year. Add to this the present year's cost of equipment, and divide the total by the number of quarts or other units made during the season. This gives the cost per unit for equipment.

Also on a page ruled like the form in Figure 10, under material used list the kind, quantity, and value of all fruit, sugar, and other materials, and if possible, fuel used in each canning project. To this total add the cost per quart or other unit for equipment multiplied by the number of units made in this particular lot. The total is the value of this kind of preserved or canned food, not taking into consideration the value of the labor required to make it, nor interest on equipment, both of which would have to be included if one were canning or preserving for profit, and ought to be included if the value of the product is to be known definitely.

Canned and Preserved Food

Season 19__

<i>Materials used</i>			<i>Equipment</i>			<i>Finished products</i>			
<i>Quan- tity</i>	<i>Kind</i>	<i>Value</i>	<i>Quan- tity</i>	<i>Kind</i>	<i>Cost for this year</i>	<i>Quan- tity</i>	<i>Kind</i>	<i>Value per unit</i>	<i>Total value</i>

FIG. 10.—Record of canned and preserved food. Enter equipment, including jars, rubber rings, etc., bought during the season. In the case of those articles which will last more than one year, write in only the cost for this year. Suppose jars last three years on the average and cost 15 cents apiece, the cost for this year would be 5 cents. Such articles should also be listed on a page ruled like the form in Figure 13, household inventory. There, under "Remarks," note amount listed each year on the form in Figure 10 as cost for this year

This special record of the cost of canned and preserved food should be kept quite apart from the general record of family expenditures. If the canning is being done for family use, all canning equipment should be entered under furnishings and equipment, and all fruits and other foods under food as purchased.

HOW TO KEEP A RECORD OF FAMILY EXPENDITURES

It is a good plan to make one particular member of the family responsible for actually keeping the record. Each member of the family should report to him or her all expenditures made from the general family income, or a notebook may be left in some convenient place and every day each member write down in it his expenditures. Then the record keeper can transfer these to the record once a week or oftener. If a certain time of day or week is set aside for doing this, it becomes a part of the general routine and is kept up to date.

Expenditures made out of personal allowances should not be entered in the family record. These should be regarded as the private affair of the individual making them and recorded in his own book. In the case of children, of course, guidance will be needed.

Garden Record

<i>Date</i>	<i>Expenditures</i>	<i>Amount</i>	<i>Products used</i>			<i>Products sold</i>		
			<i>Quantity</i>	<i>Kind</i>	<i>Value</i>	<i>Quantity</i>	<i>Kind</i>	<i>Value</i>

FIG. 11.—Record of the expenditures on and receipts from the garden or the poultry. Enter all products sold and the amount received, all products used in the house and the value at the price which would have been paid for them if purchased, also all expenses connected with the garden or poultry. All supplies and paid labor would be expenditures. Add the totals of products sold and products used. Subtract the total expenditures from this total, and the balance represents the gain of having a garden or keeping poultry. To find the true profit, one's own labor, interest on land and equipment, and depreciation would have to be considered.

Accounts Receivable

<i>Date</i>	<i>Description</i>	<i>Date</i>	<i>Amount</i>	<i>Date</i>	<i>Amount</i>	<i>Amount still due</i>	
		<i>due</i>	<i>due</i>	<i>recd</i>	<i>recd</i>		

FIG. 12.—Record of accounts receivable and accounts payable. Where the home maker is selling garden produce, for example, and her customers do not all pay cash, a page for accounts receivable will be useful. The same form may be used to record accounts payable where the family runs accounts or has debts which are being paid at intervals, by changing the headings "Date received" and "Amount received" to "Date paid" and "Amount paid."

All items should be entered under the date when the expenditure is made. Where goods are charged they should be entered as expenditures for the month in which they were purchased. The items may be actually written down in the record the day they are bought or when

the itemized bill is received. But they all should be entered as of the month when bought regardless of when they are paid for. If only a part of the bill is paid when received, the balance may be noted on a page ruled like the form in Figure 12 and headed "Accounts payable." Expenditures made by check should be entered just as if cash were paid.

In every case the name of the article as well as the amount paid for it should be written down under the proper heading in the record. It is highly desirable that the quantity of each item be entered also.

The summary is, perhaps, the most important part of the record. Each month the totals for each class of expenditures must be transferred to the summary, so that the total actual expenditures and the entire plan for expenditures may be compared and studied.

Household Inventory

Date _____ 19__

<i>Number</i>	<i>Item</i>	<i>Date bought</i>	<i>Original cost</i>	<i>Repairs</i>	<i>Present value</i>	<i>Remarks</i>

FIG. 13.—Inventory of household furnishings, equipment, and personal property. This inventory should be made in duplicate and one copy kept in some safe place outside the house, as such an inventory is of value in making insurance adjustments in case of fire. An inventory is also of use in helping one to plan ahead for replacements of furniture and furnishings. It should be kept up to date by entering all new articles once every six months or year.

As has been said, expenditures for boarding farm help or on automobile used for farm business should not be included in the expenditures for food and for automobile as transferred to the summary. Further, if such expenditures are made out of income which has been listed on the form in Figure 1 as household income, then either the amount of such expenditures must be paid back to the household out of farm business funds, or the amount must be deducted from the income listed on the form in Figure 1 as household income, since it has been used not for family expenditures but for the farm business.

It will be noticed that no provision has been made for a formal balance. This has been done purposely. In a well-thought-out plan of expenditures, total estimated expenditures, including savings, will equal total estimated income. If this plan is followed and a careful record kept, on the summary, total expenditures plus cash on hand will equal total income. If they are nearly alike, then there is no

need to take time trying to make the figures correspond exactly. There are other things in a record of greater value than a set of balanced figures.

TESTS OF A SATISFACTORY METHOD FOR RECORDING FAMILY EXPENDITURES

In deciding upon what method of record keeping to follow, the important thing is to bear in mind its purpose. Records of expenditures are kept not for the sake of the record but in order that the family may get the most satisfaction for its money. Indeed, one of the objects of making a plan for expenditures and keeping a record is to develop and establish desirable habits of expenditure so that a detailed record will become less and less necessary.

Record of Investments

<i>Date made</i>	<i>Description</i>	<i>Amount paid</i>		<i>Remarks</i>

FIG. 14.—Record of investments. Write down the date when the investment was made, a brief description of it, as for example first mortgage on John Smith's farm, the amount of money put into the investment, and under "Remarks" the rate of interest, the dates it is to be paid, and any notes about time and method of paying principal. Also, note when any investment is sold. Until reinvested the amount received could be listed here as "Cash held in bank for investment." This record should be referred to when filling out the form shown in Figure 1, for source and amount of income for the coming year.

As it is the general custom to keep insurance policies and such papers in the safe-deposit box or in the bank, it is wise to have a record of the policies one has for life, fire, and other insurance, and of the dates when the premiums are due and their amount. Such a record may be kept on a page ruled like the above. Under "Remarks" enter the amount of the premium and the dates upon which they are due.

One of the mistakes that has often been made in keeping records of family expenditures has been due to a false idea of simplicity. Too often a person will start keeping a record by writing on one page or in one column all money received and the source, and on the next page or in the next column all the money paid out and the items for which it was paid. At the end of the month these two pages or columns are totaled. This gives merely two money totals—amount received, and amount spent. This type of record may look simple, but in the long run, if any real use is to be made of it, a great deal of work will have to be done in sorting out the items under various heads. What it is necessary to know is not merely the total amount

spent but what has been spent on clothes, on food, on recreation, and on other principal items, and what was obtained in return.

The items should be classified when entered in the record. At first glance this may look complicated, but in the end it is much simpler than any other method. Of course it is useful to have a memorandum book in which expenditures may be jotted down as made, but when these are transferred to the regular record they should be entered under the suitable heading.

But a record of expenditures is not something merely to keep. It is something to study and to use as the basis for correcting past mistakes in spending, and for making a better plan for the future. If a record is analyzed, the good and bad points in the management

Summary of Property Owned

<i>Assets</i>	<i>Amount</i>		<i>Liabilities</i>	<i>Amount</i>	
<i>Total</i>			<i>Total</i>		
<i>Summary</i>					
<i>Total assets</i>					
<i>Total liabilities</i>					
<i>Total property owned</i>					

FIG. 15.—Summary of property owned at the end of the year. Under "Assets", write down all cash on hand, money in checking account, and savings account; the present market value of any real estate, stocks, bonds, mortgages, notes receivable, and other investments or business; the present cash value of insurance policies of all kinds; the present value of furnishings and equipment; the present value of the automobile and farm equipment and livestock owned by the family; and also the value of any accounts receivable which it seems likely will be collected, and of any other property. Under "Liabilities" list all current bills due, notes payable, and all other indebtedness or mortgages. The difference between the total liabilities and total assets gives the total value of all property owned by the family

of family finances will come to light and it will be possible to make changes with some assurance that they will result in improvement in the family situation.

The keeping of any record needs care and accuracy, but it is not necessary to go into the refinements of bookkeeping. As has been said, it is not a set of balanced accounts that the home maker is aiming at but a knowledge of what she is getting for her family and how she might get greater satisfaction from the expenditure of the same amount of money. She might think of the record as a diary of the business actions of the family. Nor need the keeping of the record take a great deal of time. For the average family, 10 minutes a day and 2 hours or so each month for the summary should be sufficient.

There are then certain practical tests which may be applied to any method of recording family expenditures. These may be grouped under three heads:

It must be simple and clear and kept with as little outlay of time and energy as possible.

It must show the facts of expenditures and the general financial condition of the family at any time. At the end of the month there should be provision for some way of getting a summary view of income and expenditures for the year up to date, in such a manner that the amounts actually spent for the various classes of expenditures can be readily compared with the estimates or plan for expenditures.

The record must be detailed enough to make it possible to get a clear picture of what the family spent its money for during the year.

In keeping a record the following rules should be observed:

The classification used in the record should be the same as that used in the estimates for the plan of expenditures.

The date of purchase of the article, at least the month, should be recorded.

There should be some brief identifying description, as the name of the article and quantity, for each item purchased.

So far as possible the expenditures upon the different members of the family should be recorded in such a way that what each member is spending can be found without difficulty.

Expenditures should be entered directly under some group head. Certain classes of items may be grouped and entered together in the same page, space, or column, but there must be as a minimum a page, space, or column for each main group, and also for certain subheads under clothing, operating, and development.

Entries for income and for each class of expenditures should be totaled each month, totals entered in a summary, and compared with the totals in the plan for expenditures.

WHAT DOES A FAMILY GAIN BY KEEPING A RECORD OF FAMILY EXPENDITURES?

A record of expenditures enables a family to judge whether or not it is living up to its plan, and to improve that plan. It may be looked upon as a speedometer which shows a family how far it has gone along the road toward its goal. It makes it possible to plan how to spend not only money but time and energy. From it can be found what articles it is most economical to buy, what articles it is most economical to make, and what articles to do without.

A record also gives assurance. If it is decided that a certain sum may be spent for new equipment during the year and a record of what has been spent to date is available, then when a chance to make a purchase on good terms arises there is no doubt, no question of "Should I or shouldn't I?" The family knows, in other words, what it can afford to buy and when it can buy it. It is sure of what it can and can not spend, and on what to spend it.

A record shows mistakes in buying, indicates whether articles bought at a certain place give better value than those bought at another. Knowing what has been bought, and when and where, the knowledge upon which to base future buying is available.

Another thing a record shows is habits of buying. Looking back over a year, a good picture of what has been bought and why it was bought can be had. One can discover the influence of advertising, of fashion, and of passing fads, whether the mail-order catalogue, the installment plan, and charge accounts are a convenience or a temptation, whether bargains are bargains or unnecessary expenditures. None of these things—advertising, fashion, mail order, installment buying, or charge accounts—are necessarily good or bad. It all lies in the way they are used. And that can be found by going over the year's record of expenditures.

Taking part in planning and recording the family expenditures is a part of the necessary education of the children. It helps teach self-control, a sense of justice, a willingness to share, the ability to carry responsibility, and to take part in confidential discussions. If each member of the family has a clear understanding of what the family income is, what it will buy in terms of goods and satisfactions, and what are the necessary family expenditures which must be provided for before the desires of the individual members can justly be considered, there will be more mutual understanding and cooperation between the different members of the family. If such matters are discussed, the high-school girl, for example, will understand better why she can not have just the clothes she would choose if she could, and so throughout the family.

Planning expenditures will not develop a material outlook in the children. On the contrary, the person who knows how to handle money wisely spends less time in thinking about money and need worry less about how to make ends meet than the person who has no training in and little knowledge of wise spending.

Not only will a family and its individual members benefit in these various ways by keeping a record of family expenditures and developing good habits of spending, but because they have more control over their way of living, because they are living better, the community as a whole is better off. Of course everyone has responsibilities not only to himself and his immediate family but to society at large, and his actions as a consumer, the way in which he spends his money, the type of things which he buys, the amount of money he saves, all affect the manner in which the people of the country as a whole work and live.

ADDITIONAL COPIES
OF THIS PUBLICATION MAY BE PROCURED FROM
THE SUPERINTENDENT OF DOCUMENTS
U. S. GOVERNMENT PRINTING OFFICE
WASHINGTON, D. C.
AT
5 CENTS PER COPY
▽